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Congress of the United States House of Representatives

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COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON MILITARY INSTALLATIONS
AND FACILITIES
SUBCOMMITTEE ON MILITARY READINESS
OVERSIGHT PANEL ON TERRORISM

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON HEALTH

CONGRESSIONAL HISPANIC CAUCUS
FIRST VICE CHAIR
CHAIR, HEALTH TASK FORCE

Dear Constituent:

Knowing of your interest in Medicare and the Medicare+Choice program, I write to provide you an update of recent efforts to improve these programs. As you know, Medicare has helped seniors get access to health care for over thirty years, and alongside Social Security has created a more secure retirement for tens of millions of Americans. However, there are several components of the Medicare program that need to be addressed to ensure that all seniors have access to the quality and affordable health care they require and deserve.

Access to Prescription Drugs

I strongly believe that the Medicare program must be strengthened and expanded to better serve all communities. One such expansion should be the immediate adoption of a comprehensive Medicare prescription drug benefit similar to the Medicare Rx Drug Benefit and Discount Act, HR 5019, introduced in the House. A meaningful prescription drug benefit could provide relief to thousands of senior citizens.

This past year, I participated in a number of working meetings with my colleagues to discuss what should be included in a comprehensive prescription drug plan. The result was the introduction of the Medicare Rx Drug Benefit and Discount Act, HR 5019, of which I am an original cosponsor. This legislation would establish a voluntary prescription drug benefit through the Medicare program. Under this plan, beneficiaries would have a monthly premium of \$25, an annual deductible of \$100, a coinsurance of 20 percent and an annual out-of-pocket spending limit of \$2,000. Most importantly, it would be a uniform, guaranteed benefit for all Medicare enrollees who choose to participate.

Unfortunately, the House leadership would not allow this proposal to be debated. Instead, a competing bill was brought to the House floor, the Medicare Modernization and Prescription Drug Act of 2002, HR 4954. HR 4954 does not provide a guaranteed Medicare benefit, but instead relies on government subsidies to encourage private insurance plans, such as Medicare+Choice plans, to provide drug coverage. However,

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the legislation does not define what benefit that private plans must offer to beneficiaries and any benefit would not be guaranteed. Indeed, benefits could differ from plan to plan, and even by region. This means different seniors would have different coverage, if any, depending on the plans available in their area.

Like many of my colleagues, I could not, in good conscience, vote in favor of a bill that lacked a guaranteed and defined prescription drug benefit for all seniors. In the end, HR 4954 narrowly passed by a vote of 221 - 208. In the Senate, four different versions of a prescription drug bill have come up for debate, but they have yet to pass a final bill.

Medicare+Choice

Unfortunately, time is running out for us to effectively address the prescription drug crisis before Congress adjourns for the year. Therefore, I am working to ensure we strengthen other existing health programs which serve our seniors. Medicare+Choice program plans have emerged to fill a critical gap in our health care system. For five million Medicare beneficiaries, Medicare+Choice provides access to additional benefits, such as prescription drug coverage, but both the numbers of Medicare+Choice beneficiaries and promised benefits are steadily declining. Meanwhile, 35 million other Medicare beneficiaries lack access to these benefits.

As you may know, Medicare+Choice was created as an alternative to the traditional Medicare fee-for-service program. These Medicare HMOs emerged in the 1980s and the enrollment numbers soared in the 1990s. Managed care plans and Medicare privatization advocates said they could provide care more efficiently and offer extra benefits at no new cost to the Medicare program – in fact Medicare could save 5%. In 1997, Congress established the Medicare+Choice program to better administer this growing industry.

In recent years, however, beneficiaries have seen Medicare HMOs increase co-payments, reduce benefits, and even withdraw from service areas. Managed care plans argue that the program is chronically underfunded, but this is in spite of the fact that Congress increased Medicare+Choice payments in 1999 and 2000. In addition, an analysis from the General Accounting Office (GAO), the investigative arm of Congress, shows that the nation spends more on each Medicare+Choice enrollees than on their counterparts in the Medicare fee-for-service system. Medicare+Choice plans have not lived up to their promises, and we must find ways to improve Medicare benefits for all Americans.

In the absence of a Medicare prescription drug benefit, many seniors have come to rely on the additional benefits offered under Medicare+Choice. For this reason,

Congress should take steps now to reinforce the stability of Medicare+Choice plans. I will continue to support increased, but reasonable, reimbursement rates for Medicare+Choice plans. In addition, I believe Congress should take appropriate steps to protect beneficiaries from HMO pullouts and lock-in provisions.

As the baby boom generation begins to hit retirement age, it is more important than ever that we address the gaps in our health care system. First and foremost, Congress must address the high cost of prescription drugs by enacting measures like the Medicare Rx Drug Benefit and Discount Act. By increasing access to affordable drugs, we strengthen the safety net that protects the most vulnerable in our nation. In addition, we must find other ways to strengthen existing programs that serve our seniors.

Please feel free to contact my office if you have any questions regarding this or any other matter before Congress.

Sincerely,

A handwritten signature in black ink, reading "Ciro D. Rodriguez" with a stylized flourish at the end.

Ciro D. Rodriguez
Member of Congress